Neutral citation number [2024] EWHC 283 (IPEC)

Claim No. IL 2020- LIV 000001

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (Ch)
INTELLECTUAL PROPERTY ENTERPRISE COURT

Royal Courts of Justice
The Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4A 1NL

Date: Thursday, 15 February 2024

Before:

RECORDER AMANDA MICHAELS

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Between:

EQUISAFETY LIMITED

Claimant

-and-

(1) BATTLE, HAYWARD AND BOWER LIMITED
(2) RICHARD MICHAEL DEWEY

Defendants

NICOLA FLETCHER, its director, for the Claimant
SAM CARTER (instructed by **Sills & Betteridge LLP**) for the Defendants

Hearing date: 8 February 2024

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APPROVED JUDGMENT

This judgment was handed down by the Court remotely by circulation to the parties' representatives by email and release to The National Archives. The date and time for hand-down is deemed to be 10:30 on 15 February 2024.

Miss Recorder Amanda Michaels:

1. The trial of liability in this action for trade mark infringement and passing off ("the Liability trial") was heard before Deputy Judge Nicholas Caddick KC. In December 2021 the First Defendant was found liable for both infringement and passing off. The Second Defendant was not found personally liable. Whilst various forms of relief were ordered following the Liability trial, including a declaration and an injunction, the question of the costs of that trial were reserved.

2. *Island Records* disclosure was ordered, and the Claimant elected to pursue an account of profits. On 21 July 2023 I handed down my judgment following the trial of that account of profits ("the Quantum trial").

3. This judgment relates to the form of order to be made following the Quantum trial, which dealt with (a) the amount due to the Claimant in respect of profits and interest, (b) the costs of the Liability trial and (c) the costs of the Quantum trial. The parties had not been able to reach agreement on any of those matters following the judgment in July 2023 and a hearing to deal with the form of order was set down for 4 December 2023. That had to be adjourned, and it was eventually heard on 8 February 2024. At the end of that hearing most of the points in issue had been decided, but I reserved judgment on two points, which I deal with below.

4. I gave detailed reasons for the decisions which I made on 8 February during the course of the hearing. I shall not repeat them in full here, but I can summarise the results reached on 8 February as follows:

    a. The First Defendant is to pay the Claimant £12,568 by way of profits, together with interest assessed at £2,140.92;

    b. The First Defendant is to pay the Claimant its costs of the Liability Proceedings, subject to a 10% discount relating to two issues on which the Claimant lost at trial. The Claimant's director, Ms Fletcher, who has acted on its behalf since around the time of the CMC in the Quantum trial, had provided several documents relating to the Claimant's costs, which were not easily reconcilable. The most recent document was a summary table of costs provided under cover of a signed letter from her solicitors, and in my judgment that was the appropriate document to use to assess the Claimant's costs.

    c. Ms Fletcher included a substantial amount of her own costs (including her time and her disbursements relating to the Liability trial) in her claim. I did not add these to the Claimant's legal costs as it was not possible to tell whether any of these sums were incurred before she/the Claimant was legally represented, and no additional costs or disbursements could be added to the Claimant's recovery in relation to the trial, as I had already assessed its costs of the trial and awarded the full amount of the IPEC stage cap.

d. On that basis, the Claimant's costs of the Liability trial were assessed at £33,763.15, including £510 court fees.

e. However, the costs awarded to the Claimant had to be set off against certain costs to which the Defendants were entitled, which I assessed together at £11,500. The sum payable to the Claimant in relation to the costs of the Liability trial was therefore reduced to £22,263.15.

f. I found the Claimant to be the successful party in the Quantum proceedings, so in principle entitled to its costs. However, the amount awarded by way of profits and interest was less than the sum offered to the Claimant by the First Defendant in an offer made pursuant to Part 36 on 30 September 2022. That offer expired shortly before the CMC in the Quantum trial. Applying Part 36, the First Defendant was entitled to its costs after expiration of the offer. I awarded the Claimant £2,250 in respect of the initial stages of the Quantum trial, as well as another £510 court fees, and assessed the Defendant's costs from the CMC onwards at £23,000.

5. Two points remained undecided. First, the First Defendant asked me to award interest on its costs of the Quantum trial, pursuant to CPR 36.17(3), which provides that where a claimant fails to obtain a judgment more advantageous than a defendant's Part 36 offer

> "the court must, unless it considers it unjust to do so, order that the defendant is entitled to—
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> (a) costs (including any recoverable pre-action costs) from the date on which the relevant period expired; and
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> (b) interest on those costs."

The Defendant asked (paragraph 83 of its skeleton argument) for interest to run from when costs were incurred, by reference to the IPEC stages, e.g. costs of the CMC from 2 November 2022. Counsel referred me to a decision of Leggatt J (as he then was) applying CPR 36.17(3)(b) in *Marathon Asset Management LLP v Seddon* [2017] 2 Costs LR 255. That makes it clear at paragraph 19 that the interest is to be calculated from the date when the Defendant incurred the costs by paying them to its solicitors.

6. In my judgment, it would not be unjust for the Claimant to pay the Defendant interest on its costs, pursuant to the provisions of Part 36 and I would therefore have awarded interest, to be calculated at an appropriate rate. However, in *Martin v Kogan (No.2)* [2017] EWHC 3266, [2018] FSR 10, HHJ Hacon held that the provisions of CPR 36.17(3) do not override the IPEC stage and overall costs cap. The costs which I have awarded to the First Defendant in relation to the Quantum trial were the maximum sum allowable for each of the stages of that trial from the CMC onwards, according to the IPEC stage costs caps. So, in my judgment, there is no scope to add interest to those sums.

7. Lastly, the First Defendant submitted that the Claimant should pay some or all of its costs incurred since the date of the judgment in the Quantum trial, on the basis of what it said was the Claimant's unreasonable behaviour since that date. It relied upon the Claimant's failure to agree the interest calculations, its failure to provide proper costs schedules, and the fact that the Claimant has not recovered anything like the amount in respect of its costs which the First Defendant had offered (without prejudice save to the costs of the assessment) to pay in October 2023. The First Defendant pointed to further aspects of the Claimant's handling of the proceedings which, it said, amounted to an abuse of process.

8. The First Defendant provided schedules showing very substantial sums spent by it after July 2023, and sought £20,000 of those costs outside the IPEC cap.

9. The circumstances in which the IPEC cap may be lifted are limited to truly exceptional cases or where there is an abuse of process, see *Westwood v Knight* [2011] EWPCC 11, *Azumi Ltd v Zuma's Choice Pet Products Ltd* [2017] EWHC 45 and, more recently, *Link Up Mitaka Ltd (t/a thebigword) v Language Empire Ltd (No.2)* [2019] FSR 9 especially at [4]-[16]. In the latter case, the defendants were found to have engaged in dishonest and evasive conduct in their defence of the inquiry. In my judgment, whilst the Claimant's handling of the proceedings following the judgment in the Quantum proceedings may have been misguided, ill-judged or unfortunate, there are no truly exceptional circumstances or unusually "bad behaviour" here justifying the disapplication of the IPEC caps, nor did the Claimant's behaviour amount to an abuse of process. I do not consider it appropriate to award the First Defendant costs on that basis.

10. However, on 1 December 2023 I made an Order adjourning the Form of Order hearing, due to various personal reasons on the part of Ms Fletcher. That Order provided that the costs of and occasioned by the application, including the question of the incidence of costs thrown away, were reserved to this hearing. The Claimant's application to adjourn the 4 December hearing was made only on 30 November and it seems right to me that the Claimant should pay the First Defendant's thrown away as a result of the adjournment. It was very unfortunate that the application was made so late, but I do not consider that such lateness would justify lifting the overall IPEC cap. The First Defendant has filed a number of costs schedules, as well as spreadsheets setting out its costs by reference to the IPEC stages, showing an increase in the costs between 4 December 2023 and 8 February 2024. The part of those costs which appears to have been occasioned by the adjournment appears, on consideration of the documents, to exceed £2000, which is the amount which would take the Defendant to the overall costs cap for an account of profits in IPEC. In the circumstances, I will award the Defendant an additional £2000 in respect of its costs of and occasioned by the late application, taking the total costs due to it for the Quantum proceedings to £25,000, to be set off against the costs due to the Claimant in respect of the Quantum proceedings.

11. I would be grateful if counsel would provide me with a revised draft Order reflecting the points decided on 8 February and in this supplemental judgment.